

amended by inserting after the item relating to section 1729A the following new item:

"1729B. Health Services Improvement Fund."

SEC. 203. VETERANS TOBACCO TRUST FUND.

(a) FINDINGS.—Congress finds the following:

(1) Smoking related illnesses, including cancer, heart disease, and emphysema, are highly prevalent among the more than 3,000,000 veterans who use the Department of Veterans Affairs health care system annually.

(2) The Department of Veterans Affairs estimates that it spent \$3,600,000,000 in 1997 to treat smoking-related illnesses and that over the next five years it will spend \$20,000,000,000 on such care.

(3) Congress established the Department of Veterans Affairs in furtherance of its constitutional power to provide for the national defense in order to provide benefits and services to veterans of the uniformed services.

(4) There is in the Department of Veterans Affairs a health care system which has as its primary function to provide a complete medical and hospital service for the medical care and treatment of such veterans as can be served through available appropriations.

(5) The Federal Government, including the Department of Veterans Affairs, has lacked the means to prevent the onset of smoking-related illnesses among veterans and has had no authority to deny needed treatment to any veteran on the basis that an illness is or might be smoking-related.

(6) With some 20 percent of its health care budget absorbed in treating smoking-related illnesses, the Department of Veterans Affairs health care system has lacked resources to provide needed nursing home care, home care, community-based ambulatory care, and other services to tens of thousands of other veterans.

(7) The network of academically affiliated medical centers of the Department of Veterans Affairs provides a unique system within which outstanding medical research is conducted and which has the potential to expand significantly ongoing research on tobacco-related illnesses.

(b) ESTABLISHMENT OF TRUST FUND.—(1) Chapter 17 is amended by inserting after section 1729B, as added by section 202(a), the following new section:

"§ 1729C. Veterans Tobacco Trust Fund

"(a) There is established in the Treasury of the United States a trust fund to be known as the 'Veterans Tobacco Trust Fund', consisting of such amounts as may be appropriated, credited, or donated to the trust fund.

"(b) If the United States pursues recovery (other than a recovery authorized under this title) from a party or parties specifically for health care costs incurred or to be incurred by the United States that are attributable to tobacco-related illnesses, there shall be credited to the trust fund from the amount of any such recovery by the United States, without further appropriation, the amount that bears the same ratio to the amount recovered as the amount of the Department's costs for health care attributable to tobacco-related illnesses for which recovery is sought bears to the total amount sought by the United States.

"(c) After September 30, 2004, amounts in the trust fund shall be available, without fiscal year limitation, to the Secretary for the following purposes:

"(1) Furnishing medical care and services under this chapter, to be available during any fiscal year for the same purposes and subject to the same limitations (other than with respect to the period of availability for obligation) as apply to amounts appropriated

from the general fund of the Treasury for that fiscal year for medical care.

"(2) Conducting medical research, rehabilitation research, and health systems research, with particular emphasis on research relating to prevention and treatment of, and rehabilitation from, tobacco addiction and diseases associated with tobacco use."

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 1729B, as added by section 202(b), the following new item:

"1729C. Veterans Tobacco Trust Fund."

SEC. 204. AUTHORITY TO ACCEPT FUNDS FOR EDUCATION AND TRAINING.

(a) ESTABLISHMENT OF NONPROFIT CORPORATIONS AT MEDICAL CENTERS.—Section 7361(a) is amended—

(1) by inserting "and education" after "research"; and

(2) by adding at the end the following: "Such a corporation may be established to facilitate either research or education or both research and education."

(b) PURPOSE OF CORPORATIONS.—Section 7362 is amended—

(1) in the first sentence, by inserting "and education and training as described in sections 7302, 7471, 8154, and 1701(6)(B) of this title" after "of this title"; and

(2) in the second sentence—

(A) by inserting "or education" after "research"; and

(B) by striking "that purpose" and inserting "these purposes".

(c) BOARD OF DIRECTORS.—Section 7363(a) is amended—

(1) in subsection (a)(1), by striking all after "medical center, and" and inserting "as appropriate, the assistant chief of staff for research for the medical center and the associate chief of staff for education for the medical center, or, in the case of a facility at which such positions do not exist, those officials who are responsible for carrying out the responsibilities of the medical center director, chief of staff, and, as appropriate, the assistant chief of staff for research and the assistant chief for education; and";

(2) in subsection (a)(2), by inserting "or education, as appropriate" after "research"; and

(3) in subsection (c), by inserting "or education" after "research".

(d) APPROVAL OF EXPENDITURES.—Section 7364 is amended by adding at the end the following new subsection:

"(c)(1) A corporation established under this subchapter may not spend funds for an education activity unless the activity is approved in accordance with procedures prescribed by the Under Secretary for Health.

"(2) The Under Secretary for Health shall prescribe policies and procedures to guide the expenditure of funds by corporations under paragraph (1) consistent with the purpose of such corporations as flexible funding mechanisms."

SEC. 205. EXTENSION AND REVISION OF CERTAIN AUTHORITIES.

(a) READJUSTMENT COUNSELING PROGRAM.—Section 1712A(a)(1)(B)(ii) is amended by striking "2000" and inserting "2003".

(b) COMMITTEE ON MENTALLY ILL VETERANS.—Section 7321(d)(2) is amended by striking "three" and inserting "five".

(c) COMMITTEE ON POST-TRAUMATIC STRESS DISORDER.—Section 110 of Public Law 98-528 (38 U.S.C. 1712A note) is amended—

(1) in subsection (e)(1), by striking "March 1, 1985" and inserting "March 1, 2000"; and

(2) in subsection (e)(2), by striking "February 1, 1986" and inserting "February 1, 2001".

(d) EXTENSION OF AUTHORITY TO MAKE GRANTS.—Section 3(a)(2) of the Homeless Veterans Comprehensive Service Programs

Act of 1992 (38 U.S.C. 7721 note) is amended by striking "September 30, 1999" and inserting "September 30, 2002".

(e) AUTHORITY TO MAKE GRANTS FOR HOMELESS VETERANS.—Section 3(b)(2) of the Homeless Veterans Comprehensive Service Programs Act of 1992 (38 U.S.C. 7721 note) is amended by striking "and no more than 20 programs which incorporate the procurement of vans as described in paragraph (1)".

SEC. 206. STATE HOME GRANT PROGRAM.

(a) GENERAL REGULATIONS.—Section 8134 is amended—

(1) by redesignating subsection (b) as subsection (c);

(2) by striking the matter in subsection (a) preceding paragraph (2) and inserting the following:

"(a)(1) The Secretary shall prescribe regulations for the purposes of this subchapter.

"(2) In those regulations, the Secretary shall prescribe for each State the number of nursing home and domiciliary beds for which assistance under this subchapter may be furnished. Such regulations shall be based on projected demand for such care 10 years after the date of the enactment of the Veterans' Millennium Health Care Act by veterans who at such time are 65 years of age or older and who reside in that State. In determining such projected demand, the Secretary shall take into account travel distances for veterans and their families.

"(3)(A) In those regulations, the Secretary shall establish criteria under which the Secretary shall determine, with respect to an application for assistance under this subchapter for a project described in subparagraph (B) which is from a State that has a need for additional beds as determined under subsections (a)(2) and (d)(1), whether the need for such beds is most aptly characterized as great, significant, or limited. Such criteria shall take into account the availability of beds already operated by the Secretary and other providers which appropriately serve the needs which the State proposes to meet with its application.

"(B) This paragraph applies to a project for the construction or acquisition of a new State home facility, to a project to increase the number of beds available at a State home facility, and a project to replace beds at a State home facility.

"(4) The Secretary shall review and, as necessary, revise regulations prescribed under paragraphs (2) and (3) not less often than every four years.

"(b) The Secretary shall prescribe the following by regulation:"

(3) by redesignating paragraphs (2) and (3) of subsection (b), as designated by paragraph (2), as paragraphs (1) and (2);

(4) in subsection (c), as redesignated by paragraph (1), by striking "subsection (a)(3)" and inserting "subsection (b)(2)"; and

(5) by adding at the end the following new subsection:

"(d)(1) In prescribing regulations to carry out this subchapter, the Secretary shall provide that in the case of a State that seeks assistance under this subchapter for a project described in subsection (a)(3)(B), the determination of the unmet need for beds for State homes in that State shall be reduced by the number of beds in all previous applications submitted by that State under this subchapter, including beds which have not been recognized by the Secretary under section 1741 of this title.

"(2)(A) Financial assistance under this subchapter for a renovation project may only be provided for a project for which the total cost of construction is in excess of \$400,000 (as adjusted from time to time in such regulations to reflect changes in costs of construction).